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ATCHISON & NEBRASKA RAILROAD COMPANY.

LETTER

FROM THE PRESIDENT TO THE DIRECTORS

JANUARY 1st, 1872.

BOSTON:

PRINTED BY T. W. RIPLEY & CO., 56 CONGRESS STREET.



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OFFICERS
OF THE
Atchison & Nebraska Railroad Co.

Directors.

P. T. ABELL, <i>President</i> ,	ATCHISON, KANSAS.
JAMES F. JOY,	DETROIT.
N. THAYER,	BOSTON.
H. H. HUNNEWELL,	"
WILLIAM F. WELD,	"
JOHN A. BURNHAM,	"
JAMES H. BEAL,	"
HENRY A. WHITNEY,	"
CHARLES L. YOUNG,	"
GEORGE PUTNAM, JR.	"
JOHN A. STEWART,	NEW YORK.
G. W. GLICK,	ATCHISON.

Treasurer,

GEORGE L. PRATT, BOSTON.

Superintendent and Chief Engineer,
F. R. FIRTH, ATCHISON.

385.4
At 24¢

ATCHISON, KANSAS, January 1st, 1872.

*To the Board of Directors of the
Atchison & Nebraska Railroad Company,
Boston, Mass.*

GENTLEMEN: —

I herewith submit, for your consideration, a statement of the condition of the Road,—its prospects,—cost to Tecumseh, and estimated cost to Lincoln,—with earnings during construction, and estimated earnings from the present time until July, 1873, one year after the supposed time of completion to Lincoln.

I have fully completed to Table Rock, eighty-five miles from Atchison, and am now operating to that point, and but for the unprecedented bad weather, I should have completed, and been operating to Tecumseh, one hundred and three miles. Though I have the grading nearly all done to that point, and the iron and other materials on the ground, yet it would not only be very expensive to attempt to work at construction such weather as we have had for the past month, but, if we could lay the iron, it would be very unsafe and injurious to attempt to run trains over it until the road-bed thaws and dries. Under these circumstances I suspended work, intending however to resume whenever the weather would permit.

From my own knowledge and the books in our office at Atchison, and the accompanying documents, maps, statistics and estimates Nos. 1, 2, 3 and 4, prepared by myself, our chief engineer, and cashier, I am enabled to make the following calculations and remarks in regard to the road and its prospects.

P 45925

In round numbers, the whole cost of the road, depots, real estate and full equipment from Atchison to Tecumseh, one hundred and three miles, is

(See No. 4), \$2,050,000.00
including operating expenses to Nov., 1871 ;
but of this amount the Counties paid, viz. :—

Atchison County,	\$150,000
Doniphan "	200,000
Richardson, Nebraska,	67,800
	————
	417,800.00
	————
	\$1,632,200.00

From this amount deduct earnings
to Nov., 1871, which helped to
pay above (see No. 3), 62,862.00
————

Net cost at Tecumseh, paid and to be paid for
everything, \$1,569,338.00
Add to this, cost from Tecumseh to Lincoln
(see report No. 1), 811,000.00
————

Net cost at Lincoln, including full equipment
July, 1872, 145 miles, \$2,380,338.00
From this deduct earnings from Nov., 1871,
to July, 1872 (see report No. 2), 62,200.00
————
\$2,318,138.00

Say, when we reach Lincoln, we owe one
year's interest, to July, 1872, at 8 per cent.
on whole cost, 185,451.00
————

Total cost at Lincoln, with one year's interest
added, \$2,503,589.00
To pay this, suppose we issue three million
and a half dollars First Mortgage Bonds,
which is less than \$25,000 per mile (whole
length 145 miles), and sell the Bonds at 80

cents,— three and a half millions of Bonds will yield, at 80 cents,	\$2,800,000.00
Total cost at Lincoln, with one year's interest added, July, 1872,	2,503,589.00
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Surplus, July, 1872, for a fund for contingencies,	\$296,411.00

The interest on three and a half million of Bonds, to July, 1873, at 8 per cent., is . . . which has to be provided for, July, 1873.

So far, I have been enabled to make the cost considerably below the original estimates of our engineer, and I feel confident that the estimates from Tecumseh to Lincoln can be reduced nearly one hundred thousand dollars.

When we reach Tecumseh, we shall have in County Bonds, viz.:—

Balance of Richardson County,	\$50,000.00
Table Rock Precinct,	20,000.00
Johnson County,	80,000.00
At Lincoln we will have balance of Johnson County,	22,000.00
Lancaster County, (Lincoln),	120,000.00
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	\$292,000.00

These bonds all bear ten per cent. interest, except Richardson County, which bear eight per cent. July, 1873, the interest on these County Bonds (and it will be promptly paid) will amount to at least	\$35,500.00
The net earnings from July, 1872, to July, 1873, one year after reaching Lincoln, and and when the interest on the whole Bonds is due, will be (see report No. 2),	\$222,500.00
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	\$258,000.00

Thus it will be seen that the earnings and interest on County Bonds, will only lack \$22,000 of paying the whole amount of interest on the three and a half millions of Bonds, to say nothing of the surplus arising from sale of Bonds of \$296,411.00. Then, too, we have secured 20,000 acres of land in Nebraska, and have in dispute, and in suit, 40,000 acres, which I feel confident we will gain.

I am well satisfied that the three and a half millions of Bonds can be issued with perfect safety, and the interest will be paid July, 1873, from the earnings of the road, without interfering with any other fund, provided I am permitted to push on to Lincoln as speedily as possible, without a useless expenditure of money. If all things work as smoothly as heretofore—and I have no reason to doubt it—the calculations I have made will be more than realized. Our business to Table Rock is increasing beyond our estimates, and the farther we go the greater will be the increase in proportion.

Fearing I might have made some errors, this report was submitted to Mr. James F. Joy, before delivering it to you, and he endorses and approves it. By reference to the accompanying statistics, estimates, etc., it will easily be seen that these calculations are not guess-work, but are founded on what we have done, and are now doing, and the statistics of the country through which our road runs.

The country on the entire line of our road is unsurpassed by any in the West. Now that we have demonstrated that the road will be speedily built, the country is beginning to improve, our advertisements are already attracting emigrants to look at it, and we anticipate a large emigration another season. If our hopes in this

respect are half-realized, our earnings are largely *underestimated*. But should there be but little emigration, the present population, stimulated and encouraged by the railroad, will so increase the cultivated lands, that our estimates will be fully sustained. Our estimates are based upon the present population and valuation of property, and the ratio of increase for the last five years, without any railroad.

We should, by all means, reach Lincoln at the earliest day possible, for then, in addition to our local business, we will form a connection with the Burlington and Missouri River Railroad, and secure more or less through-business west to California, to Omaha, and south to St. Louis. It must be recollectcd that Lincoln is already a city of five thousand people, and rapidly growing; that it is the Capital of Nebraska, and the travel naturally inclines to go to and through it. Then, too, our road will be the only outlet for Lincoln south, and the only connection between Southern Nebraska, Lincoln and Omaha. On the line of our road, throughout the Nemaha Valley, there is excellent building-stone, and good water-power, and the absence of timber for building, fencing, fuel, etc., insures to the road an increasing business in the transportation of stone, native lumber, pine and coal.

Farmers along the line are already largely engaged in raising hogs, and, as these cannot be driven to market, the road is now doing, and will do, a good stock-business in the fall and winter; not to mention the probable importation of southern cattle to fatten on the broad grazing bottoms of the Nemaha.

The magnesian limestone which abounds on our line will be required for public works, and other improvements,

and afford another sure source of income to the road. Already we have applications for side-tracks to quarries.

Our road is the only outlet for Southern Nebraska to St. Louis—*or in any direction*;—and the St. Louis market is becoming the commanding one in the West, for all farm products, except cattle, and they too must go over our road to Chicago, and the North and East.

I will add, that our connection with the Burlington and Missouri Road at Lincoln gives us a route to California from St. Louis and Kansas City, eighty miles shorter than via Denver, and one hundred and ten miles shorter than via Omaha.

I hope I shall not be considered egotistical or extravagant in saying, that ours is one of the best built roads in the country, and that our depots and equipment are superior to those of any road in Nebraska or Northern Kansas. The people along our entire line are our friends, and in place of throwing obstacles in our way, as is frequently the case, they are doing all in their power to facilitate the construction of the road, and to build up its business. With such aid, and economy in the construction and operation of the road, I have been enabled all the time to make our expenses less than the original estimates of our engineer, and I am satisfied I can continue to do so. I do not now remember anything more important for me to say to you, but hope that what I have said, and the accompanying maps, statistics, etc., will, to some extent at least, inform and satisfy those interested. All of which is respectfully submitted.

P. T. ABELL,

President

ATCHISON AND NEBRASKA RAILROAD COMPANY.



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